GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA

STARRED QUESTION NO:98
ANSWERED ON:28.11.2006
RESERVED ITEMS FOR SMALL SCALE INDUSTRIES SECTOR
Chavda Shri Harisinh Pratapsinh;Prasad Shri Hari Kewal

Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a): the criteria fixed by the Government to reserve items for exclusive manufacture in SSI sector and the objectives of the Government for reserving these items;

(b): whether the non-SSI units are authorised to manufacture the items reserved to be manufactured by SSI sector;

(c): if so, whether there has been instances wherein non-SSI units have been found not fulfilling their obligations; and

(d): if so, the steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a) to (d): A statement has been placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION 98 FOR 28.11.2006

(a): Products are reserved for exclusive manufacture by small scale industries with the objective of their development and promotion by following the criteria laid down in sub-section (2C) of section 29B of the Industries (Development & Regulation) Act, 1951, as given below:

(i) the nature of any article or class of articles which may be produced economically by the ancillary, or small scale, industrial undertakings;

(ii) the level of employment likely to be generated by the production of such article or class of articles by the ancillary, or small scale industrial undertakings;

(iii) the possibility of encouraging and diffusing entrepreneurship in industry;

(iv) the prevention of concentration of economic power to the common detriment; etc.

(b): A non SSI unit can undertake the manufacture of items reserved for exclusive manufacture by SSI sector in the following circumstances:

(i) when a non-SSI undertaking existed prior to the date of reservation of the item being manufactured by it, after obtaining a Carry-on-Business (COB) licence;

(ii) when a small scale industry graduates to a non-SSI undertaking, after obtaining a COB license to continue the production of a reserved item;

(iii) where any non-SSI undertaking intends to manufacture an item reserved for SSI sector, after obtaining a Letter of Intent (LOI)/Industrial Licence (IL) with an obligation to export a minimum of 50% of the annual production;

(iv) when a non-SSI unit is established in a Special Economic Zone(SEZ), etc.

(c)&(d):The Directorate General Foreign Trade(DGFT),which monitors the fulfilment of export obligation by these non-SSI LOI/IL holders has reported that no instance of non-fulfilment of such obligation has come to their notice. However, action has been initiated by the Development Commissioner (SSI) against three non- SSI units found to be violating the policy of reservation under the provisions of Section 24 of the Industries (Development & Regulation) Act,1951.